MODERN SOCIALISM

A Journal of Revolutionary Re-Education

• SPRING 1942 •

NAZI TOTALITARIANISM
A Stable Order

A Critique of Permanent Master-Race Enslavement — By ABRAHAM ZIEGLER

WAR — SOCIAL or IMPERIALIST?

By BEN STONE

THE MANAGERIAL REVOLUTION

Reviewed by PAUL MATTICK

THE VANGUARD PARTY

By FRED DYER

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MODERN SOCIALISM

A CRITICAL MARXIST QUARTERLY

VOLUME 1, NUMBER 3 SPRING, 1942

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AN OPEN LETTER TO "P.M."

Editor, *P.M.*, March 31, 1942.
New York, N. Y.

My dear Mr. Ingersoll:

Permit me to congratulate *P.M.* for its distinguished public service in breaking through the conspiracy of silence maintained by the press in general, and laying bare the whole, unvarnished truth about the sordid role played by American industry in this war.

Outstanding is your coverage of the Standard Oil Company of New Jersey's treasonable commercial intercourse with the Nazi enemy. Your open letter addressed to the stockholders of the Standard Oil Company, calling upon them to clean house by removing their profit-first, unpatriotic management which even after Pearl Harbor preferred to keep faith with Hitler's Nazi industrial agents at the cost of endangering our own security and defense, is a superb expression of a patriot's white-hot indignation. At the same time it is necessary to point out that your letter misses the real significance of the issue raised by Standard Oil's perfidy.

What we are confronted with here is not a moral lapse of faithless individual managements, but the innermost operations of a peculiar economic system, *i.e.*, private enterprise and initiative, with the profit motive as the primary regulator of society and its industrial-economic apparatus; the touchstone of all morality and patriotism.

To be consistent you should not limit yourself to Standard Oil, but go down the line and decapitate management as a whole. But even that drastic action would be unavailing. As long as the profit motive is permitted to continue on as the lodestar of American business and industry, Management, regardless of its personnel, will continue to evaluate patriotism in terms of dollars and cents. You cannot change the nature of the beast.

The entire record of American industry in the war cries out aloud that Capitalism cannot be trusted to carry on a principled struggle against the Hitler-Nazi régime, let alone win the peace for Humanity. Lest it be thought that I, as a Socialist, am unduly prejudiced in my judgment, permit me to burden you with the personal detail, that I have broken with the traditions and convictions of a lifetime to support the present capitalist war. In doing so, however, I have not adjured my revolutionary Socialist convictions. I am motivated solely by the belief that Nazism is the supreme and immediate enemy of mankind and must be destroyed at all costs.

In conclusion: The lesson of the Standard Oil treason is crystal clear. Real patriotic, public-spirited management of industry is incompatible with the continuation of the profit motive and Capitalism generally. Capitalism must go if industry and Management is to be cleansed of its treasonable proclivities. Democratic collectivism, planned production for social use, democratically administered, is the need of the hour in war as in peace.

Yours faithfully,

ABRAHAM ZIEGLER.

[MODERN SOCIALISM, *bowing to hard political reality, has taken a firm stand in favor of full and complete military support, without equivocation or mental reservations, of the war against Nazism and its Japanese cat's-paw.*

In the light of the changed historical circumstances and the social forces at work,[1] *to affirm, as is done in the camp of traditional Marxism, that the present war is merely a continuation of the first Imperialist war (1914-1918), an inter-imperialist struggle for world markets, is to abandon the Marxist historical-dialectical method and to resort to social theology.*

Although it is vociferously proclaimed that workers have nothing to choose between Nazism and Anglo-American democratic capitalism, the fact is that after 30 months of war political criticism is still permitted in Great Britain and the English Socialist press and organizations are flourishing. Here in the United States, MODERN SOCIALISM *is enabled to print the following critical article which challenges its war position and presents a clear-cut anti-war attitude, even though the country is actually at war. In Nazi Germany our contributor (and the editor) would be drawn and quartered for entertaining such views. Yet he suggests in all seriousness that as far as the workers are concerned a Nazi victory is a matter of indifference to them. There are none so blind as those who will not see.*

Although emphatically rejecting as dangerously misleading the analysis and conclusions reached by our contributor, we are nevertheless opening our columns to his article since is presents a concise, honest and principled criticism of our war position. We welcome the opportunity of meeting and disposing of this challenge.]

THE WAR — SOCIAL OR IMPERIALIST?

This article is not only a presentation of a definite position on the question of war, but it is also a rebuttal of those opposed. It is therefore a part of the general debate in which the question can be discussed pro and con until all the facts have been presented and a representative position can be formulated.

The author, as a life-long Socialist, takes the stand opposed to military cooperation except in case of actual invasion. This stand is based on the following premises:

1. This war is neither "different" nor "social," but essentially the same as the last war.
2. The main and immediate enemy of the working class is not the Hitler-Nazi régime, but the American capitalist class.
3. Nazi imperialism is based, not on a master-race enslavement of the workers, but on the economic necessity for basic raw materials and foreign markets.

In effect, the argument of those in favor of military cooperation is based on the contention that a Nazi victory would abolish our civil liberties; trade

[1] See "Totalitarianism—A New Social Order," *Supra*, p. 15.

unions would be destroyed, we would be dominated by the alleged master-race; in short, we would have Fascism. What happens to this argument if it can be shown that our hard won rights are in far more danger from our own ruling class; that it is the American capitalists who are our main and immediate enemy?

Most of us have heard something of a war plan called "M Day," but it can be safely assumed that very little is known of its meaning, content, and ramifications. When we consider that the ruling class has spent a total of 22 years in the preparation and perfection of this war plan, does it not appear to deserve the utmost attention and consideration on the part of Socialists who desire to take a stand on the war?

"M Day" is an effectual control over every aspect of national life, far more comprehensive and stringent than the method adopted during the last war. A war plan was begun only a few months before war was declared on April 6, 1917. For World War II however, planning preparations were begun as long ago as 1920 or a short two years after World War I was ended. The plan was practically completed in 1933. It is in effect now and it will be retained after the war if the ruling class thinks it necessary.

Before delving into the specific aspects of the plan which are relative to this discussion, there are some general observations which should be set forth:

The capitalists are interested in and will take extraordinary measures to defend the country (at a profit of course) with or without the cooperation of any small select group. Now, every enlightened person must know that the country's resources are more than adequate for pure defense. How about Pearl Harbor? It is significant first of all, that the Japanese "surprise" attack took place on an outpost thousands of miles away from the United States proper; that the main reason for the preliminary success of the attack was due to gross negligence on the part of the commanding officers; that there was negligence on the part of the Washington superiors of these commanders to ensure that proper precautions had been taken. Secondly, it is even more significant that this attack was a blessing to the war mongers; that it hushed all opposition; that the "M Day" plan was rushed through Congress with steamroller precision.

Whether the Pearl Harbor affair is the result of Machiavellian machinations or more probably, the logical outcome of imperialist expansionism, there can be no comparison between Pearl Harbor's defense and the ability to defend the 48 states of the Union. Surely it would be sheer lunacy for any Axis power or powers to attempt large-scale attacks on the United States proper.

What the American capitalists have been and are mainly preparing for, is not Defense, but Attack; not Repulsion, but Invasion. A gigantic AEF is a certainty. Millions of men (read workers) will be sent to the European allied countries *and from these points* the attempts will be made to attack and invade the Axis powers. The resultant casualties will make those of the last war pale into insignificance. The loss of real wealth will be swelled proportionately. During this process the standard of living will be lowered and

many or all of labor's gains will be lost. Let those who support the war militarily do so with open eyes and let them understand what their endorsement means, for they will be judged accordingly.

It might be mentioned incidentally that Socialist supporters find themselves lying with strange bedfellows. Capitalists, Communists, Socialists of the S. P. brand, A. L. P., A. F. L., C. I. O., and "dynamic DeLeonists." Shades of DeLeon!

Now as to the war plan itself.

Selective Service

The selective service system is the most insidious feature of the plan, though by no means the only method of fastening the yoke. In the book *M Day*, the material of which was taken largely from official documents, Rose M. Stein comments, "Under this plan labor will have to work or fight. The individual will have no choice in the matter. The classifications will be determined in the first instance by actual need and in the second by from 5,000 to 6,000 local draft boards patterned after local election boards. Assignment to one class or another will be subject to change at any time. Thus anyone who for one reason or another incurs the displeasure of those in authority might have his status changed and might be called to the front on the shortest possible notice."

A new dispatch from Washington on February 21, 1942, quoting Selective Service Director Lewis B. Hershey, is quite revealing in this connection: "I think we have reached the point where nobody can refuse to work for the government in time of war. It doesn't matter whether you run a corporation, a union, or a farm. We are finally going to be driven to some sort of allotment of manpower to definite purposes for which we need it. We are going to have to move 10,000,000 men into war industries."

The implications emanating from this overhanging sword of Damocles, are perfectly obvious.

National Unity

The controversies between Capital and Labor, or the Class Struggle, is naturally the most prolific source of actual and potential disunity. How can the problem be solved? It cannot be settled to the advantage of both. One must suffer and sacrifice.

The no-strike pledge recently given in Washington by the A. F. L. and the C. I. O. puts the complete quietus on labor with the exception of sporadic rebellions which will feel the full force of the State and the capitalist henchmen. There are a host of negotiators, mediators, arbitrators, conciliators, labor leaders, and the draft boards, who are ready and willing to break the backbone of any strike and eliminate any disturbance to the well-oiled machine

of war. If despite these rigid precautions, labor should persist in striking, the State can exercise its power of "commandeering." In whose interests? To ask the question is to answer it. No employer has anything to fear in the controversies between Capital and Labor.

But there need be no coercion or suppression where there is cooperation. Most radicals are found supporting the war. Labor leaders function on war boards. Their purpose is to manage labor without the State having to go to the bother of suppression. But the mailed fist is always ready behind the velvet glove.

Imperialist or Social War?

Do those in favor of military cooperation dare to assert that this war is "different," meaning that it is a "social" war? Is it possible, that a Marxist, however unorthodox, can designate any war today which is not revolutionary as social in character? And this, in the face of the events leading up to the rearming of Germany and the growth of Hitler? Every Socialist at least should know that the Allied big business combines contributed heavily to this result.

The facts supporting these contentions are far too numerous to mention. Illuminating passages proving the inevitability of war under capitalism; the inexorable fixing of the present alignments; and the imperialist nature of the present war, may be found in the following works: First and foremost the book, *M Day*, by Rose M. Stein; Lincoln Steffen's *Autobiography;* Ernst Henri's *Hitler Over Europe;* Johannes Steel's *The Second World War;* George Seldes' *Sawdust Caesar.*

As to Invasion

The question of social versus imperialist war cannot be disposed of until consideration is given to the questions asked of Dwight MacDonald by the Editor of MODERN SOCIALISM, viz: would he not join with the English in making common cause with Churchill against the invaders; what would he have done during the siege of Warsaw, etc?[2] These questions pre-suppose actual *invasion.* Such is not the case with the United States and a Socialist must be first concerned with the country he inhabits and in which he can be immediately active.

What should be the position of American Socialists in case of actual invasion? This question is purely hypothetical, having no basis in fact. For the sake of argument, however, we will assume its possibility and answer the question.

If this country were invaded it would be necessary to use any and all means to repel the invader. A gun pointed at one by a foreign enemy makes no

[2] See "Letter from Dwight MacDonald" and "The 'Logic' of Our War Position," MODERN SOCIALISM, Vol. 1, No. 2.

distinction between socialist and capitalist. The idea is to shoot first. Nevertheless it should be borne in mind as an indisputable historical fact that Russia had a revolution at the very moment it was being defeated by the German army and a peace treaty was concluded at Brest Litovsk after the revolution was an accomplished fact.

However, we may rest assured that this country will not be invaded. Anyone believing so has succumbed to the torrential war propaganda. It is of course possible that suicide squadrons whose members are anxious to be welcomed as heroes in the land of their ancestors may be sent over here. But certainly suicides have never won a war.

The actuality is quite to the opposite. The capitalists are anxious to preserve their domination and exploitation of the foreign markets and it is TO THIS END that the cannon fodder is being prepared for an invasion of the European Axis.

Conclusion

Yes this war is "different." Never before has there been such *internal* danger to the American working class. Never before have the American capitalists been so well prepared to institute Fascism. This is their chance par excellence, a golden opportunity. Will they let it slip?

Does any American Socialist disagree with this contention? Will not the integrity of capitalism be threatened after the war? Are not the capitalists prepared to deal with the unprecedented dislocation arising from the aftermath of war? We may safely assume that American Fascism, will become a permanent institution. Are American radicals blind to the process going on before their very eyes.

The present war offers a far better opportunity for the capitalists to establish a dictatorship. Everything is playing into their hands. In the matter of Fascism versus Socialism the odds are overwhelmingly in favor of Fascism.

All of the aforementioned does not in the least mean that one should be a fatalist and look on Fascism as inevitable. But we must realize that the *status quo* is gone with the war. We are moving rapidly to the crossroads. The final disposition to the social question will be reached with the ending of the war. The capitalists have already made a master stroke by legislating that the armed forces remain intact until six months after peace has been reached. Whether the working class will be content to bend the head to the yoke or cast it off and move forward to a new and better society will be answered at that time.

If the level of the bourgeois intellect can be judged by those who compose the ruling cliques of capitalist world it is also a sad commentary on the level of present radical intelligence when it believes that the struggle against capitalism becomes untenable even for a historical moment. Politically, the Socialist Movement may be outlawed but never morally or intellectually.

Fortunately historical necessity motivates sections of the Working Class, who have a profound and instinctive distrust of the capitalist class, to move

in advance of its "teachers" and the scientific Socialist will not make predictions of what may or may not be, but will watch for the social portents which will dictate the road to follow.

It is above all necessary to be clear on the facts and recognize where the actual danger lies. When this is done the choice confronting American radicals in this war will be seen to be, in the words of Rose M. Stein, "acceptance by legal means of Fascism within the United States," or holding ever higher and firmer the beacon light of Socialist principles.

BEN STONE.

THE EDITOR REPLIES

It is precisely because our contributor "is not clear on the facts and does not realize where the real danger lies," that he has stumbled into his mutually exclusive position of denouncing the war as imperialist but at the same time affirming the necessity of defending the country from invasion. Stone attempts to extricate himself from this dilemma by dismissing the possibility of invasion as "sheer lunacy." It is quite true that a full dress invasion of our shores at this time is highly improbable. But it is only because Roosevelt unofficially entered the war on behalf of Great Britain in the summer of 1940 by extending all-out aid, that such an invasion is now unlikely. Had Roosevelt maintained strict neutrality, England would have been defeated, and a Nazi invasion of the Western Hemisphere would be very much on the order of the day. In view of the tremendous development of air armaments it is extreme recklessness to categorically pronounce that the United States is immune from invasion.

We quite agree with Stone that Capitalism will be faced with unprecedented dislocation arising from the aftermath of war. We appreciate that American Fascism bids fair to become a permanent institution. We are by no means blind to the forces of totalitarianism at work in our midst. But this does not make the *internal* regime the paramount danger over Nazism as Stone contends.

The *Stones* of Great Britain from the very beginning intoned the refrain that the main danger was "internal" and did not proceed from Nazism. Yet today after thirty months of war, basic civil rights are still retained in England (although in a curtailed form), independent free labor organization still exists while the Socialist movement and propaganda is actually flourishing. Whereas, in France, Holland, Denmark and elsewhere, the day after the Nazi's victory the independent labor movement was strangled and in short order all labor militants were hunted down and exterminated. This by no means proves that capitalism can guarantee the continued existence of democratic rights or is even interested in preserving democracy at the cost of its own special class privileges. Historically, capitalist political democracy is doomed. But this is no reason why we should dismiss democratic rights and the question of their preservation, even for a brief period, as a minor issue of no great

(*Continued on page* 36)

FOR THE VANGUARD PARTY

[*In our last issue we carried a discussion on The Role of The Party. In the interests of a rounded out discussion on this basic tactical question we invited both the official Trotskyite organization, the Socialist Workers Party and the dissident Schachtman grouping, the Workers Party to present a defense of the Leninist concept of democratic centralism and the vanguard party. With their customary "civility" both organizations ignored our invitation.*

We are presenting herewith a discussion article in support of the Leninist role of the party by a contributor who takes exception to Frank Maitland's defense of the Leninist concept of the party which appeared in our last issue. We are appending an editorial rejoinder.]

It has become rather fashionable for the overwhelming bulk of the leaders and ideologists of the labor movement and its environs to champion the cause of the proletariat in its "struggle" against political parties. There are those, of course, who feel that some party or parties are necessary to the proletarian side of the class struggle, provided, of course, that democratic centralism, or vanguardism, or some such "burocratic concepts" are not included in its program. But from reading the entire labor press, including such non-party organs as *Modern Socialism* and *Partisan Review* on the one hand, and all party organs as far to the left as the Trotskyite press, it becomes obvious that everybody and his brother-in-law are united in a principled fight against the "parasites" and "burocrats" who would establish a party that attempts to become the vanguard of the proletariat.

Of these leaders, only the Trotskyites pay lip-service to the concept of democratic centralism.[1] "Party" and "burocracy" have by almost common consent become synonomous terms. Yet, in spite of the ridiculously small number of people who even pay lip-service to the idea of a democratically centralized vanguard party as indispensable to the success of the proletarian revolution, all the social democrats, the anarchists, the Matticks, the Pannekoeks, the Maitlands and their ilk continue to exorcise this evil spirit, this dybbuk, from the body of the proletariat. Why does the subject deserve so much discussion?

Can it be because there is today a "powerful" international organization, the Comintern, whose purpose it is to act as the vanguard of the proletariat, or, to put it another way, to take power for itself in the name of the proletariat?

[1] By democratic centralism is meant that principle of organization under which the membership of a political organization or its democratically elected representatives in convention, or democratically elected committees when no convention or mass of members is in session, decides on the organization's policy; and under which all members, units, and sections of the organization must abide by and carry out these decisions. Under democratic centralism no member of the organization has the "freedom" to disregard or violate such decisions. Nor is a federalistic structure tolerated, where sectional or national units can carry on their policies regardless of the organization as a whole. Politically, this is predicated on the unity of the organization as to fundamental program. With this as a base, only democratic centralism can produce unity in action, while maintaining the principled character of the program.

Is it because the horrible fate of the Russian proletariat is due to the vanguardism, or power politics of the Bolsheviks? It is the practice to argue that the one-party rule and the one-party concepts of the Bolsheviks, and, in a less developed form, of the Second International in its best days, could lead to nothing less than burocratic usurpation. According to Mattick, for example, "A party that got control of the state—either legally or illegally—could transform itself into a new ruling class."

Fifty years ago, in reply to the right wing revisionists of the German Social Democracy, Wilhelm Liebknecht wrote a pamphlet, "No Compromise," attacking the tendency to cow-trade and compromise on the principles and political independence of the socialist party for a bloc on a liberal democratic basis with left and center bourgeois parties. The struggle in Germany was only a part of the larger struggle in the Second International over the question of coalition governments (Millerandism) and related issues. Without a firm and principled position on this question no party can be a vanguard, power party, either in the sense that it can lead the proletariat in its struggle for power, or, as Mattick and too many others would put it, that it can become a ruling class or group in its own right.

As the Comintern degenerated in the middle twenties, it began to cow-trade and compromise its principles and independent political and organizational position with a fervor that can perhaps only be explained as a Stalinist plot to make the reasoning of ideologists like Mattick utterly ridiculous. Instead of sticking to the vanguard position the Stalinists flirted with LaFollette, attempted to build a peasants' international, liquidated into the Kuomintang, capitulated to the social democrats, and, after an interlude, helped establish popular fronts, build labor parties, support Roosevelt, create the Amsterdam international against war, foster non-communist youth congresses, etc., etc.

Only in the Soviet Union itself did the Stalinists refrain from taking such open political and organizational steps. But the experience of the Stalinists in 1940, in the Baltic countries, where they attempted to maintain capitalist property relations and, in cooperation with some socialists, to build a left, popular front type of party, is proof that not the Stalinists but the proletariat in power was the driving force against such sellout moves. The further conclusion must be drawn that the Stalinists in Russia collaborated with and sold out to bourgeois elements, undermining their own as well as the proletariat's power, but in an underground fashion.

In Spain, instead of utilizing the Spanish revolution to take power (whether, we repeat, in the interests of the proletariat or for their own selfish ends), the Stalinists attached themselves to the bourgeois liberals and the right wing socialists. In Catalonia, where the danger of proletarian revolution was greatest, the Stalinists and Socialists coalesced into the United Socialist Party of Catalonia. They joined the coalition bourgeois government and viewed with unmitigated horror the prospects of taking over the state, "legally or illegally."

Perhaps the growth of burocracy in the labor movement in the world outside Russia can in some way be associated with the influence of an all-pervading, thoroughly disciplined, and power-hungry party? The question

is worth examining. In the United States the labor movement, for the greater part of its history, consisted in the main of trade unionism, pure and simple. Even the Stalinists may well envy the A. F. of L. officialdom their burocratic control of the unions. The same situation was true of Great Britain until the turn of the century and the establishment of the labor party.

Moreover, even the most ignorant political observer knows that it is not the labor party which controls the trade union officials, but the trade union burocrats who struggle among themselves as to which group shall dictate to the party, while they are free to do what they please in their trade union bailiwicks. The French trade unions came under the control of the anarcho-syndicalists before World War I as a reaction of the workers against opportunist politics. It is well known how the syndicates became rotten with burocracy and how the syndicalists and the Socialist party entered into a burocratic partnership against the workers.

As the German Social Democratic party degenerated, trade union officials, intellectuals with alien class ideology and interests demanded and won a greater share of independence from the party. By 1914 the trade union burocrats called the party's tune and paid its piper. They used the party as a convenient cover against the workers, just as Dubinsky and Hillman did in the United States up to a few years ago, but any responsibility to account for their actions to the party became nil as the party washed itself out as an independent and centralized force. If we view the situation internationally, we discover that while before the first world war there was a measure of party control over the socialist officials of the trade union international, the post-war period saw the socialist parties, and later the reconstituted Second International as a cover and tail to the Amsterdam trade union international.

Even in Russia, as the writings of Trotsky in the days of the Left Opposition show, the opportunists of the Communist Party were a transmitting agency for the ideas and pressure of the bourgeois elements—the Kulaks, non-party burocrats, etc. He recounted how the party itself was impudently disregarded by its right wing and by the burocracy as a whole. Later, with the Moscow trials, the Communist party was deprived of the remnants of its former superior position as a party. Today the party units in the factories are no longer permitted to act upon factory problems. That is a definite sign, not of a party organization concertedly usurping the state, but of burocrats degrading a party organization. Now, why should that be the development in every historical sellout of the working class?

The ideologists with whom this polemic has been conducted all insist that centralized parties, anxious for exclusive political representation of the proletariat, are the essence of burocracy. But the facts just presented show that in every case the exact opposite has been true. The flowering of burocracy and the growth of parasitism in the burocracy have without exception fostered ideologically either the non-existence of parties, or the concept of relegating the party or parties to a secondary role. Above all, in the name of democracy, or, with the anarchists, in the name of freedom, party centralism was and is denounced as the very work of the devil. In the case of the Stalinists, the circumstance of proletarian power changed the form of the struggle against

the party. Most important of all, the political tendencies, parties and burocratic cliques fostered by the opponents of the democratically centralized party served the interests of the capitalists in their holy war for the maintenance of wage slavery.

Due to its lack of property, education and leisure, the proletariat as a whole is incapable in the raw, or spontaneously, of guiding itself, or of hiring experts at fat salaries to guide it toward power or in retaining power. Within the proletariat, on the contrary, there are many "spontaneous" sources of division, *e.g.*, youth and adult, male and female, racial, religious, national, trade and craft divisions. As a result of historical development a labor aristocracy, a petty bourgeois stratum, exists within the proletariat. This stratum has the backing of the bourgeoisie in a thousand and one ways, and by its aid, in the form of Social Democracy, Gompersism, etc., the bourgeoisie are able to promote the divisions that militate against working class unity and class consciousness.

Spontaneously the workers tend to resist the designs of the capitalists; the mental set of the proletariat is ready to receive and accept the Marxian class conscious revolutionary ideology. Nevertheless, although there are spontaneous outbursts of the proletariat against capitalism, the many divisions, added to the lack of education, leisure, etc., while still permitting superior thought to that of the petty bourgeoisie, yet prevent a spontaneous process of class unity, revolutionary seizure of power, retention of power and the development toward communist society. Against the spontaneous acts of the proletariat, even when they know they want a social revolution, are the far from spontaneous organizations of the bourgeoisie, including their labor lieutenants.

Only an international party of the most advanced workers and of the intellectuals sincerely making the cause of labor their own cause can provide the essential consistent unity, science and vigilance against betrayal and burocracy. Even with such a party, the task is enormous. Without it, it is impossible.

The capitalist class has leisure, property, institutional connections. It does not need a vanguard party. On the contrary, capitalism is so full of contradictions that the bourgeoisie is incapable of organizing a single capitalist party with a unified program and with centralized discipline. It is the habit of bourgeois parties to fight for certain spoils and to form factions to this end. At the same time, however, they are fond of taking the most decisive questions "out of politics." No party, and this includes the fascists also, can take over the bourgeois state for itself. That must be in the hands of the pragmatically minded, virtually permanent burocrats, who are ready for whatever makeshifts can keep the bourgeoisie in power. Governments by parties, or coalitions of parties, are shifted behind the scenes, in the stock exchanges, and in the various departments of the state, as the economic and class struggle situations dictate. When the renegade parties and officials of the labor movement act in the same way, as they invariably do, it is because they are committed socially and ideologically to the capitalist system. That is why vanguardism is out. That is why they dread power like the plague.

why they prefer coalitions with bourgeois parties to, for example, socialist governments.

The objection to democratic centralism is not an objection to burocracy, but an attack on the only means to check it. Whereas the proletariat is too exploited and uneducated, too busy to check on all its officials, it is quite capable of checking on political parties as units. It can choose and vigilantly watch its choice of parties with definite programs and responsibility for their members; it cannot go over the activity of thousands of officials necessary to a labor movement in power or struggling for power. The labor burocrats insist upon "freedom," "democracy," "individual rights," and all the rest of their wordy balderdash precisely for that reason. The party, on the other hand, that is not afraid to proclaim itself THE party, and thereby to take the responsibilities of power, the party that is democratically centralized, by this very fact makes itself responsible to the proletariat as a unit for the acts of all its members and for its program. Such an international party is the only hope for the proletariat and for humanity.

FRED DYER.

HOW DEMOCRATIC IS DEMOCRATIC CENTRALISM?

Dyer, unlike Maitland,[1] notwithstanding the crushing historical refutation furnished by the political experiences of the past two decades, continues to adhere to the Leninist concept of centralism as the keystone of the Leninist party. One would almost be tempted to admire such intransigent faith were it not for the fact that even Dyer is compelled to trim his sails to historical and political realities, by claiming for Leninist centralism a democratic essence it does not contain.

Dyer in defining "democratic" centralism makes it out to be the very essence of distilled democracy. But all is not gold that glitters and the democracy in Leninist democratic centralism is purely apocryphal.

Rosa Luxemburg in her famous organizational polemic against Lenin in the early years of this century pointed out the essentially anti-democratic nature of Leninist centralism.

> "The conception which has here found expression in penetrating and exhaustive form is that of a thoroughgoing centralism of which the vital principle, is on the one hand, the sharp separation of the organized bodies of outspoken and active revolutionists from the unorganized though revolutionary active masses surrounding them, and on the other hand strict discipline and direct, decisive and determining intervention of the central

[1] "The Brain of the Class," *Modern Socialism*, Vol. I, No. 2, p. 11.

authorities in all expressions of the party's local organizations. It is sufficient to note for example that the central committee, according to this conception is authorized to organize all sub-committees of the party, has also power to determine the personnel composition of every single local organization, from Geneva and Liege to Tomsk and Irkutsk, to give it a set of self-made local statutes, to completely dissolve it by decree and create it anew, and finally in this manner to influence the composition of the highest party authority, the Party Congress. According to this, the central committee appears as the real active nucleus of the party, and all other organizations merely as its executive organs.[2]

Since Luxemburg was anti-Leninist she may be said to be biased. However, Luxemburg's analysis was fully corroborated by no less a personage than Trotsky himself, who took an active part in the inner party life of the Russian Social-Democratic party.

The well-known English Trotskyist, C. L. R. James, in his work, *World Revolution—1917-1936*, quotes Trotsky as follows on the practical workings of "democratic" centralism:

> "During the last three to four years of intense party friction the life of very many committees has consisted of a series of *coups d'etat* in the spirit of our court revolutions of the eighteenth century. Somewhere way up on top someone is incarcerating, replacing, choking somebody else, somebody proclaims himself something—and as a result, the top of the committee is adorned by a flag with the inscription, 'Orthodoxy, centralism, political struggle'."

Trotsky went on to accuse the central apparatus itself of starting a new discussion every month:

> "The apparatus supplies the topic for it, feeds it by false materials, draws its summary, dispenses justice, postpones Congress for a year and is now preparing a Congress from its own apparatus, workers previously appointed who are to authoritate the people on the top to continue the work in the future as well."[3]

Here we have a vivid picture of just how democratic Leninist democratic centralism is in actual practice.

James, concluding that Trotsky was wrong in his opposition to Leninist centralism, nevertheless acknowledges that:

> "These charges must have had a solid foundation" since "even today after forty years of political life Trotsky's fundamental intellectual integrity remains unshaken."

Whatever may be Dyer's opinion of Trotsky as a political analist he cannot very well reject him as a historian. At any rate, until Dyer can produce proof

(Continued on page 35)

[2] Leninism or Marxism? *Council Correspondence*, February, 1935, p. 7.
[3] World Revolution 1917-1936, pp. 50-51.

TOTALITARIANISM — A NEW SOCIAL ORDER

Several years ago[1] Dr. Dietrich, Chief of Press of the German National Socialist Party, made the following observation in the course of a public address:

> "The capitalist system has been replaced by the National Socialist system, which is borne along by an entirely different spirit and obeys an entirely different intrinsic law from those which control the capitalist economy."

The question arises, did the Nazi press controller here given utterence to a profound truth in keeping with actual conditions or were his remarks just another evidence of the well-known Nazi anti-capitalist demagogy?

This is a question that has divided the Socialist movement and has given rise to a bitter and unceasing dispute as to the character and nature of the Nazi totalitarian economy and its social relations. The forces of sectarian Marxism stubbornly cling to the concept that there is nothing inherently new in the Nazi order. For them Fascism is merely the dictatorship of Finance-Capital, with the Bureaucracy acting as its political tool. On the other hand, critical Marxists have raised the point that Fascism represents a new social order which supersedes Capitalism, both economically and politically.

This dispute is not another one of those stale and endless terminological controversies which from time to time clutter up the movement. What we have involved here are basic, fundamental, tactical concepts. If it is established that Fascism represents a new social order, then the very basis of sectarian, traditional Marxism, *i.e.*, the inevitability of the Socialist revolution and the infallible revolutionary character of the proletariat, is swept into the dust bin of history. The question of the war is also here involved. Obviously, if Nazi imperialism and Anglo-American imperialism are but the obverse and the reverse of the same capitalist medal, then the workers have no stake in the present war, and a Nazi victory is a matter of indifference to them. However, if it is true (as we believe it to be) that Nazi imperialism is a more degenerated and retrogressive form of imperialism; the carrier of an obnoxious, master-race compound slavery, then the workers *do* have a stake in the war and a vital interest in accomplishing the defea tof Nazism. Thus the position on war must in the final analysis be determined by the social character of Nazism.

I.

As its contribution to the discussion of this pivotal question, MODERN SOCIALISM enters the lists with two propositions which we shall endeavor to uphold:

(1) Fascism and its economic base of Bureaucratic-Collectivism is a new, retrogressive social order, free from the basic economic and political contradictions of Capitalism.

(2) Granting a Nazi military victory, Nazism (which is a distinctive form of Fascism) is capable of establishing a stable economic and political

[1] January 28, 1936.

order, uniting the entire German race into a master-ruling class jointly exploiting the entire world.

To determine the capitalist or non-capitalist character of the existing Nazi economy and the precise social relationships prevailing in Germany, it is necessary to revert to first principles and briefly analyze capitalist production and its constituent elements. For this task, Marx is indispensable. Marx was the first economist to call attention to the historically limited character of capitalism and to present a scientific analysis of the precise economic-social categories which distinguish it from previous existing exploiting societies.

For Marx capitalist production was above all "a historically determined form of the social process of production."

> "This process is, on the one hand, the process by which the material requirements of life are produced, and on the other a hand a process which takes place under specific historical and economic conditions of production and which produces and reproduces these conditions of production themselves, and with them the human agent of this process, their material conditions of existence, and their mutual relations, that is, their particular economic form of society."[2]

Thus we see that capitalism is not merely exploitation *per se*, but a *specific* form of exploitation. Engels makes this distinction vivid in a luminous passage. He wrote:

> "Surplus-labor, labor beyond the time necessary for the worker's own maintenance, and the appropriation of the product of the surplus-labor by others or the exploitation of labor is thus common to all past forms of society in so far as they moved in class antagonisms. But only when the product of the surplus-labor assumes the form of surplus-value; when the owner of the means of production finds before him the free laborer—free from social fetters and free from owning any property—as an object of exploitation, and exploits him for the purpose of producing *commodities*, only then do the means of production assume, according to Marx, the specific character of capital."[3]

Marx, in one of his rare definitions of capitalist production, expands upon this peculiar characte rof capitalist commodity production.

> "Capitalist production is marked from the outset by two particular traits:
>
> (1) It produces its products as commodities. The fact that it produces commodities does not distinguish it from other modes of production. Its peculiar mark is that the prevailing and determining character of its products is that of being commodities. This implies in the first place that the laborer himself acts in the role of the seller of commodities, as *a free wage worker*, so that wage labor is the typical character of labor. . . .
>
> (2) The other specific mark of the capitalist mode of production is the production of surplus-value as the direct aim and determining incentive of production. . . ."[4]

[2] *Capital*, Vol. III, p. 952.
[3] *Anti-Duhring*, p. 214 (Kerr Edition).
[4] *Capital*, Vol. III, p. 1025.

Here we have formulated by the authoritative sources of the founder and co-founder of Scientific Socialism the specific economic and social categories of capitalist production. It is incumbent upon the sectarian Marxists, since they pretend to Marxist infallibility in their affirmation of the capitalist essence of the Nazi economy, to establish the continued existence of a "free" working class with command over its labor power and functioning as an independent social force in Nazi Germany. This is a task these gentry do not relish, and which significantly enough they have ignored. The well-known writer Paul Mattick has proved to be an exception. Here Mattick rushes in where the angels of sectarian Marxism fear to tread. Vigorously asserting the continued existence of the capitalist character of the German economy, Mattick writes:

> "Capitalist production necessitates a social situation where the means of production belong to one class in society. Another class must have at its disposal nothing but its labor power. . . . So far as this fundamental capitalist relationship is concerned nothing has changed in the totalitarian systems."[5]

So that there may be no doubt as to his position, Mattick elaborates:

> "*Class relations are market relations between capital and labor.* This market is nowhere disturbed and no one seems to have any intention of ending it. . . . The fact that labor is no longer 'free' in the sense that it was in the liberal capitalism, the fact that it can now be drafted whenever the state thinks it necessary; that it can be ordered from place to place just as the government sees fit, that it can no longer choose its employment at will—all these and other restrictions do not invalidate the fact that labor is also still 'free' from all productive property, that its power to produce is still a commodity bought by the government at a price."[6]

One must admire the self-assurance with which our author proceeds to announce his startling "discovery." By the same token Mattick should "discover" that the capitalist system of production also prevailed under Feudalism and Chattel Slavery, for forsooth both the serf and the chattel slave also were divorced from the ownership of productive property!

However, the fact is that the commodity labor power has been abolished within Germany and the social relationship of the "free" wage laborer no longer exists. In place of a Nazi capital-labor market (which is only a figment of Mattick's over-active imagination) we have the absolute and supreme dictation of the State, which determines and sets "wages" arbitrarily. "Wages" no longer represent the price of labor power freely disposed of by a wage worker, but rather constitutes a fixed, minimum amount of subsistence in the determination of which the worker plays no part. In this respect the worker under totalitarianism may be compared to the chattel slave, who too received a fixed, minimum amount of subsistence at established rates.[7] The fact that under Nazism the German worker's subsistence is paid in the form

[5] "How New Is The 'New Order' of Fascism," *Partisan Review*, July-August, 1941, p. 307.
[6] *Ibid.*, p. 300.
[7] See Mommsen, *Romische Geschicte, 1, p.* 808-810, 2nd Edition. Quoted by Marx *Capital*. Vol. III, p. 452.

of money instead of in kind does not make them wages, since wages can only flow from a specific social relationship.

Under Fascism the wage worker is converted into a Collectivist governmental slave deprived of all command or disposal of his labor power. In place of the ancient system of chattel slavery, with the juridical form of private ownership, we have the collective state enslavement of the entire working class. For Mattick to contend that the worker under totalitarianism continues to possess the disposal of his labor power, and that the capital-labor market still exists, is the sheerest nonsense.

For the edification of Mattick and his sectarian Marxist colleagues we can not resist quoting the following homily by a Nazi labor office leader on the "labor" market in Germany:

> " 'Arbeitseinsatz' means directing nationally available labor to where national economy needs it. It is, therefore, not as though we had abandoned the word 'labor market'—it has disappeared from all headlines and is used only colloquially because of habit—because the customary simile did not suit us any more. The notion itself has passed out, because we think and act differently. 'Market' means confusion. One is tempted to talk of 'free play of forces.' Einsatz is conscious direction of existing currents. We have not assumed a new name for the old thing—we behave and act differently."[8]

This little lesson in the art of Marxian analysis by a Nazi apologist is coming to Mattick.

II.

Not only has the relationship of "free" wage labor been destroyed and the working class wiped out as an independent social force in Nazi Germany, but since September 1936, commodity production itself has ceased to exist. Prior to the Nazi's accession to power, Monopoly-Capitalism had succeeded in socializing and centralizing Germany industry to a remarkable extent. However, planless commodity production, privately directed and with the aim and incentive of creating surplus-value, still continued to be the dominant form of production. On coming to power the Nazis, in cooperation with Big Business, plunged into a Four Year Plan to re-militarize Germany and re-establish her as a first class military power. Dr. Schacht, the outstanding representaitve of Big Business, Reichsbank President, was made Reich Minister of Economy and became the economic dictator of Germany. But it soon developed that all was not well for Big Business. Its "man" was dictator in name only. Ruthlessly the Bureaucracy was taking over the controls of the economy for itself, supplanting Monopoly-Capitalism in its own sacred precincts. Upon the completion of the first Four Year Plan, and with the emergence of Germany as a first class military power, the Bureaucracy had the whip hand and formally proceeded to supersede the Monopolists as the supreme directors of the economy.[9] In September, 1936, Hitler announced

[8] *Frankfurter Volksblatt*, September 19, 1936. Quoted by "V," "Capitalism in Germany," *Foreign Affairs*, April, 1937.

the inauguration of a second Four Year Plan. Commodity production was abolished. Production was centralized under a uniform directing authority, with the aim of making Germany self-sufficient and independent of the world market. To emphasize the ascendency of the Bureaucracy and the passing of Big Business, Goering was appointed to the post of supreme economic dictator of the Reich. Schacht was relegated to a secondary role.

Goering left no doubt in the mind of the business fraternity that the profit motive had been superseded:

> "Business must realize," he wrote, "that it lives in the last analysis only by accomplishing the great tasks entrusted to it *and not by balancing accounts of profit and losses.*"[10]

An integral part of the new Plan was the governmental monopolization of banking and credit. The Reichsbank, which had heretofore been a semi-governmental agency, became a full-fledged state institution, and the absolute arbiter in all banking and credit matters.[11] Under the new plan:

> "All banks received direct instructions from the Reichsbank, which itself is a government agency. The Reichsbank is virtually the central agency on which the execution of the whole Plan depends. It is the Reichsbank which directs and controls the financing of all private business. Without the consent and interference of the Reichsbank virtually no major business transaction may be negotiated or concluded.[12]

The new economic regime in Germany, in keeping with its non-commodity character, has abolished the regulatory role that prices play in capitalist production.[13]

Two pen pictures culled from well-informed German writers on present-day conditions in Germany graphically illustrate this transformation:

> "Goods are produced not because the market wants them but because the Government wants them. Capital [meaning the means of production, A. Z.] is no longer invested because it promises a high profit, but because the investor has to put out goods ordered by the Government and placed by it in the category of necessary or desirable. Individual incomes are no longer the outcome and reward of free economic activity; they are

[9] Originally the Nazi Bureaucracy took over the state power as the political tool of Finance Capital, with the understanding that it was to chain down the proletariat and give the industrial overlords a free hand. The Nazis accomplished this task in short order and in doing so made themselves politically indispensable. Once entrenched, the Bureaucracy proceeded to turn on its masters, elbowing the industrialists out of the control positions in the economy. The erstwhile rulers found themselves in a cleft stick. They could not challenge the Nazis without inviting civil war, and that would be fatal. Finance-Capital was compelled to yield to the lesser evil and accept the ascendency of the Bureaucracy as the new ruling class.

[10] *The Four Year Plan*, December, 1938.

[11] *New York Times*, February 13, 1937.

[12] "Capitalism In Germany," *Foreign Affairs*, April, 1937.

[13] "The entire process of capitalistic production is regulated by the price of products. But the regulating prices of production are in their turn regulated by the equalization of the rate of profit and by the distribution of capital among the various social spheres of production in correspondence with this equalization." Marx *Capital*, Vol. 111, p. 1029.

fixed at what the Government considers an adequate return for services rendered the community."[14]

"In a totalitarian system it is not the free individual, not the consumer, who by his free decision determines the employment of labor and capital, but it is the Government that decides, for what purposes, to what extent, and by what methods the human and material resources of the nation are to be employed, and the Government is not motivated by considerations of a non-economic nature. The predominant motives of the German Government has been to make Germany militarily the most powerful nation and a nation as independent as possible of foreign supplies."[15]

III.

That the capital and labor relation, and with it the capitalist system of production has been abolished in Nazi Germany; that the Bureaucracy has replaced the ex-Capitalists as the supreme directors and controllers of the economy, is not disputed by a single student and writer on the subject.[16]

Typical is the opinion of Stolper, the pre-Nazi editor of the *Deutscher Volkswert*, organ of the German Industrialists and a leading German bourgeois economist:

"The nationalization of big industry was never attempted after the Nazis came into power. But this is by no means a 'betrayal' of their program, as has been alleged by some of their opponents. The socialization of the entire German productive machinery, both agricultural and industrial, was achieved by methods other than expropriation, to a much larger extent and on an immeasurably more comprehensive scale than the authors of the (Nazi) party program of 1920 ever probably imagined. In fact, not only the big trusts were gradually and rapidly subjected to Governmental control in Germany, but so was every sort of economic activity, leaving not much more than the title of private ownership. Gradually but rapidly, out of the necessity first of creating employment and afterward of building up a huge armament system, grew an economic system that made the state as much an economic dictator as it was from the beginning a political dictator."[17]

Fredrick Polleck, a contributor to *Studies in Philosophy and Social Science*,[18] comes to the same conclusion from the standpoint of evaluating social relations:

"The rigid control of capital, whether in its monetary form or as a plant, machinery, commodities, fundamentally transforms the quality of private property in the means of production and its owner the capitalist."

[14] "Capitalism In Germany," *Foreign Affairs*, April, 1937.

[15] Stolper, *German Economy*, pp. 256-257.

[16] Apparently A. L. Gurland in "Technological Trends Under National Socialism," *Studies In Philosophy and Social Science*, Vol. IX, No. 2, appears to be an exception, but Gurland refutes himself, as will presently appear.

[17] Stolper, *German Economy*, pp. 239-240.

[18] "State Capitalism," *Studies in Philosophy and Social Science*, Vol. IX, No. 2, p. 209.

We now come to the dissenter Gurland, who has created quite a stir in sectarian Marxist circles by his conclusion that the Nazi Bureaucracy continues on only as a political tool, with Capitalism still in the saddle. A cursory examination of his article will reveal that Gurland, in drawing his conclusion, contradicts his own findings and is merely acting as a special pleader intent on making out a preconceived case at all costs. He is compelled to admit that:

> "Important decisions which presupposes a compromise between the main interests concerned (monopoly-capitalists and the party bureaucracy) will have to be made by the Reichsbank President, who is also Minister of Economic Affairs and who as a representative of the party machinery has the authority to arbitrate. But this applies only to important and consequential decisions."[19]

This is the crux of the whole matter. This admission completely overthrows Gurland's singular conclusion.[20]

IV.

But our sectarian Marxists, who are determined at all costs to foist a capitalist label on the non-capitalist totalitarian economy, are not easily discouraged. Confronted with a completely governmentalized economy, they point to the continuance of private ownership, the survival of "profits," as proof of the capitalist essence of the totalitarian economy.

While it is quite true that the juridical form of private property continues on, private ownership, however, is not at all peculiar or distinctive to capitalist production but has existed under *all* forms of exploitation.

The well-informed writer "V," in his article "Capitalism In Germany,"[22] presents an illuminating picture of how utterly devoid of capitalist social content private property has become under the Nazis.

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[19] *Ibid.*, Footnote 1, p. 252.

[20] In a footnote Gurland states that he does not share the view that the market economy has been abolished in Germany. Yet he himself gives the most convincing evidence of its abolition. He writes: "Of course, the industrial capitalist in totalitarian Germany is not free to restrict or expand production *ad lib.* But restricting production as a weapon to improve the competitive position is preposterous anyway in an economy based on the maximum use of productive capacity." [Footnote No. 1, pages 248, 249.] Elsewhere he speaks of the "entirety of economic life (being) geared to produce a maximum yield." A market economy based on maximum production in principal, "geared in its entirety to produce a maximum yield," is a peculiar kind of market economy. Our understanding of a market economy is one where the profit motive and not maximum production *per se* is the determining factor.

Under the German Corporation law of January, 1937, the stockholders (the owners) are legally deprived of any rights of control or influence in the management of their properties. The will of the management is made absolute. It is to be remembered, however, that in turn the will of the management is made subject to the will of the party bureaucracy. The *Deutscher Volkswert,* November 20, 1936, had previously announced that "the task of industry was to direct the will of even the last enterprise according to the purpose set by the government."

[22] *Foreign Affairs,* April, 1937.

"But private ownership has long since ceased to be more than a legal form which has almost completely lost its content. The German industrialist has no more control over the means of production than the German worker has over the conditions of his job, the German peasant over the products of the soil, the German tradesman and dealer over the goods he handles or their price to purchase or sell, or the German banker over the creation and distribution of credit. All are under the complete direction and control of the state, the policy of which is determined by the exigencies of the political and social aims in general and by the 'Second Four Year Plan' in particular."

Furthermore, the author points out that private property has lost its traditional sanctity before the law. Private contracts are no longer respected and may at any time be renounced by the government:

"Whoever tries to arrive at a fair and well-balanced opinion of the German system must keep in mind especially this: There is no legal limit to the government and party interference in the routine life of business any more than there is a habeas corpus for the protection of civil liberties. This kind of totalitarianism, every day and every where, goes far beyond the written regulations."

Ownership of the means of production is no longer synonymous with control over production. The possession and ownership of private property is no longer the symbol of ruling class supremacy.

Profit has ceased to exist in Germany. In the science of political economy profits represents a definite historically limited social-economic category and is not primarily a monetary form and relation. Profit has been defined by Marx "as surplus-value derived from surplus-labor." We have seen that surplus-value is a peculiar form of exploitation based on conditions of "free" wage labor. These particular conditions have been abolished within Germany. Consequently, profit in its technical scientific sense as a social relationship no longer exists. Our sectarian Marxists who lay claim to a monopoly of Marxist wisdom should be the last people in the world to adopt the methods of vulgar economy which takes superficial appearance for scientific reality and employs technical economic terms in their every day loose, commercial slang form. This serves effectively to cover up their real social content. Profit is precisely such a term.

The bourgeois economist Frederick Polleck falls into the same error of confusing profit as a precise, technical, economic category with profit as a form of revenue. Presenting a first rate analysis of the passing of private capitalism within Germany, Polleck nevertheless contends that totalitarianism can not and will not dispense with the profit motive because:

"First, elimination of the profit motive would destroy the character of the entire system; second, in many respects the profit motive remains as an efficient incentive."[23]

[23] "State Capitalism," *Studies in Philosophy and Social Science*, Vol. IX, No. 2, pp. 200, 207.

Now as Polleck well knows the concept profit-motive has a very definite connotation in political economy. It implies the control and regulation of the means of production by profit considerations as distinguished from production for the sake of production itself. As Polleck himself has proven beyond cavil, the Nazis have destroyed this profit motive and its domination over the productive forces. Production in Germany is now exclusively governed by considerations of political power. True, questions of increased production and incentive still remain to plague the Nazi Bureaucracy but these are *technical, administrative* problems. To confuse technical and administrative problems with economic and social categories, is an inexcusable confusion of terms and concepts which strikes at the root of enlightening scientific inquiry. The monetary rewards that the ex-capitalist managers may receive for increased efficiency do not constitute profit, no more so than the special rewards of a worker at the bench receives for suggestions which increase production may be termed profits.

V.

The question arises: if the specific form of capital social relationships based on wage labor-commodity production no longer exists, then what is the present social status of the former capitalist ruling class? Strange as it may appear, Marx was the first to analyze the peculiar economic form and process which in its fully developed state was to lead to present day totalitarianism. Much is heard now a days about the "managerial revolution." But the proponents of the "managerial revolution" who invariably treat Marx, as a "dead dog," are merely plagiarists of Marx. For it was Marx, some seventy-five years ago, who was the first to analyze the economic basis of the "managerial revolution." In a little known chapter[24] of the third volume of Capital on the Role of Credit in Capitalist Production, Marx called attention to the revolutionary role of credit and its concrete form the stock company, in transforming capitalist production and its distinctive capital social relationship.

The capitalist plays a two fold role in the social process of production. 1) He is the owner of capital (a peculiar social form of the means of production); 2) he directs the technical process of production and circulation. This function of management flows from the ownership of capital. In stock companies the *function* of capital is divorced from its ownership. "Stock companies in general, developed with the credit system, have a tendency to separate this labor of management as a function more from the ownership of capital whether it be self owned or borrowed. In the same way the development of bourgeois society separates the functions of judges and administrators from feudal property, whose prerogatives they were in feudal times."[25]

Here we have the germ of the coming "managerial revolution." In stock

[24] Chapter 27, p. 515.

[25] *Capital*, Vol. III, p. 456.

companies the capitalist becomes primarily a manager or administrator of other people's property. Both Chattel Slavery and Feudalism had their special superintendents of production *i.e.*, the *villicus*, *epitropos* or *regisseur* respectively. These non-owning managers received wages of superintendence as differentiated from surplus-labor (exploitation) since their labor was socially necessary. At a certain stage in its development capitalist production also gives rise to a special category of managers and superintendents of industry.

The stock company in converting the functioning capitalist into a mere manager, an administrator of other peoples' capital, and the owner of capital into a mere owner, at the same time, transforms the character of their appropriation. The revenue that these owners and managers now receive takes the form of interest, as mere compensation for the ownership of capital, and wages of superintendence. Totalitarianism completes the social process of dispossessing the capitalists from their control over the economy and relegates them to the minor role of managerial and administrative supervision.

Marx draws the following important conclusion from this metamorphosis in the form and method of the appropriation of the surplus-labor.

> "Since profit here assumes purely the form of interest, enterprises of this sort may still be successful, if they yield only interest, and this is one of the causes, which stem the fall of the rate of profit, since these enterprises, in which the constant capital [i.e., fixed means of production A.Z.] is so enormous compared to the variable [i.e., wage labor, A.Z.] *do not necessarily come under the regulation of the average rate of profit.*" (Emphasis supplied.)[26]

> "This," continues Marx, "IS THE ABOLITION OF THE CAPITALIST MODE OF PRODUCTION WITHIN CAPITALIST PRODUCTION ITSELF, a self destructive contradiction, which represents on its face a mere phase of transition to a new form of production."[27] (Emphasis supplied.)

Here, more than seventy-five years ago, Marx was already pronouncing the obituary of capitalist production. Today, when the last vestige of capitalist production has been wiped out in Germany, we find his latter day disciples attempting to evaluate the modern social phenomenon of Fascism, in terms of outmoded capitalist conceptions—"conceptions which have become quite meaningless." What a commentary. And what striking self-corroboration of the bankruptcy of sectarian Marxism.

VI.

It is quite true that Marx considered it a matter of course that the new mode of social production which would supplant capitalist production would

[26] *Capital*, Vol. III, pp. 517-518.

[27] *Ibid.*, pp. 517-518. "Conceptions which still have some meaning on a less developed stage of capitalist production, become quite meaningless here." P. 520.

be Socialism. The possibility of a Bureaucratic-Collectivist order—the victory of Fascism over the working class—never even suggested itself to Marx and Engels and their followers. For them the victory of Socialism was inevitable and the proletariat alone was capable of playing a revolutionary role in society. History, however, the supreme arbiter, has overruled this Marxian tactical formulation. In this connection it is necessary to consider a weighty theoretical objection which was advanced by Trotsky.

Trotsky made this sweeping challenge:

> "Scientifically and politically—and not purely terminologically—the question poses itself as follows: does the bureaucracy represent a temporary growth on a social organism or has this growth already become transformed into an historically indispensable organ? Social excrescences can be a product of 'accidental' (*i.e.*, temporary and extraordinary) enmeshing of historical circumstances. A social organ (and such is every class, including an exploiting class) can take shape only as a result of the deeply rooted inner needs of production itself. If we do not answer this question, then the entire controversy will degenerate into sterile toying with words."[28]

Trotsky's challenge is one that must be met as it states categorically the problem before us.

Since we project Totalitarianism as a new social order, what then is the "deeply rooted inner needs of production itself" which Bureaucratic-Collectivism fulfills? The answer to this question brings us to a consideration of the historical role of capitalist production.

Historically, Capitalism serves the function of integrating and expanding the scattered, puny, individual, means of production of medieval society, into the mighty, mass production trusts and monopolies of today capable of providing an abundance for all. However, in accomplishing this task Capitalism writes its own death warrant, since it has failed to gain control over its product. The socialization of industry brings to the fore the question of social control of production. From its very inception capitalist production is confronted with a basic, insoluble contradiction. Technically, capitalist development results in a spontaneous and tremendous expansion in the productivity of the forces of production. But capitalist production is primarily interested in creating exchange values not use values, and at no time can circulation (*i.e.*, the realization of exchange values into surplus-value) keep pace with the growing productivity of the means of production. Even when Capitalism takes the whole known world as its field of operation, it cannot escape this dilemma. For while the expansive powers of the means of production are unlimited, the market, even the world market is limited. This basic contradiction of capitalist production assumes the concrete shape of periodical crises. In its early, progressive period, capitalism was able to surmount these crises and their dislocations by developing the world market. Today, however,

[28] "The U.S.S.R. In War," *The New International*, November, 1936, p. 326.

contracting markets and increasing productivity have created a chronic crisis. Only through the destructive channels of war can Capitalism maintain continuous production. So enormous and powerful have the means of production become that they can no longer function within the straightjacket of private, commodity production. The productive forces are in rebellion against their use as capital.

Modern production with its integrated processes and its enormous capacities cries out aloud for a Collectivist, regulated economy which can assure continuous, harmonious production. But as Engels pointed out, it goes against the grain of Capitalism, and its defenders to recognize the social character of production. While the monopolies and trusts succeeded in eliminating competition and establishing "controlled" production within their particular spheres, they could not proceed to regulate and control production as a whole, that would mean the end of commodity production, and the divesting of the productive forces of their character as capital. Capitalism can not be expected to regulate itself out of existence.

The need for social control, for the mastery over the means of production, is the burning need of our epoch. Unless society replaces the anarchy and planlessness of capitalist commodity production with a collectivized, controlled economy, the blind overriding productive forces threaten to destroy not only themselves but the engulf society as well. Bureaucratic-Collectivism performs the socially necessary task of freeing the means of production from their capital fetters. Therein lies its economic "justification."

Economically, Bureaucratic-Collectivism represents a higher mode of production than present day decadent capitalism. Is it then a progressive social order? By no means. Socially, it is retrogressive and reactionary because it does not, as did previous economies, contribute to and advance the emancipation of humanity. Politically, Fascism destroys all previous social and cultural progress and establishes the most onerous form of slavery known to man. Furthermore, in recognizing its *economically* progressive character we by no means apologize for or condone Fascism. We merely characterize its actual content. In doing so we by no means modify our unalterable opposition to Nazism as the supreme enemy of mankind.

We now come to a consideration of the historical "indispensibility" of the Bureaucracy. This "indispensibility" arises out of the continued default and forfeitures of the proletariat. Historically, the proletariat is the successor to the bourgeoisie. The development of capitalist production transfers the control of the basic economic power of society from the bourgeoisie to the proletariat, which becomes potentially the dominant social force in society. Unlike previous revolutionary classes, which developed a revolutionary class consciousness enabling them to transform their economic power into political domination of society, the proletariat has failed to utilize its control of the basic economic power and has continued on in a bourgeois mould. We disagree with those wiseacre critics who attribute this failure on the part of the proletariat to a congenital incapacity. The impotence of the proletariat

is due to certain historical consideration and psychological influences, which we have dealt with elsewhere.[29] Nevertheless, the failure of the proletariat to act constitutes a default and forfeiture which gave rise to the Bureaucracy's opportunity and historical "justification." The proletariat's lack of a revolutionary will and the incapacity of private capitalism to master the forces of production was the Bureaucracies' opportunity. Its "justification" lay in the fact the proletariat's continued apathy to the social chaos that was engulfing society and threatening to destroy it.[30]

Trotsky himself, is compelled to recognize that the continuing apathy of the proletariat and the world wide victories of Fascism raises a serious doubt as to the revolutionary infallibility of the proletariat and the inevitable victory of Socialism.

Trotsky acknowledged:

> "That if the international proletariat as a result of the experience of our entire epoch and the current new war proves incapable of becoming the master of society, this would signify the foundering of all hopes for the socialist revolution, for it is impossible to expect any more favorable conditions for it; in any case no one foresees them now or is able to characterize them."[31]

The very fact of the proletariat's impotency of the past two decades and Trotsky's admission that it is now passing through the final crisis with but one opportunity left to redeem itself, completely disposes of the dogma of Socialist inevitably and proletarian revolutionary infallibility, per se. History does not operate with inevitable and infallible categories, it can always provide a "substitute."

VII

We now come to a consideration of our second proposition:

> Granting a military victory, Nazism (which is a distinctive form of Fascism) is capable of establishing a stable economic and political order, uniting the entire German race into a master-ruling class jointly exploiting the entire world.

The Nazi pattern of victory calls for the establishment of a German National Socialist economy of abundance built upon the foundations of a monopoly of the world's productive mechanism which is to be concentrated within a super-industrialized Germany.[32] The non Germanic countries are to be de-industrialized and converted into a Nazi colonial hinterland, with their peoples serving as suppliers of raw materials and foodstuffs for the German overlords.

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[29] See the article "Crisis In Marxism," *Modern Socialism*, Vol. I., No. 1.

[30] The victory of the Bureaucracy in the Soviet Union, on the other hand, was a product of the undeveloped condition of the Russian proletariat and the general backwardness of Russian material conditions, plus the failure of the proletariat of Western Europe to carry out its own revolution.

[31] "The U.S.S.R. In War," *New International*, November, 1939, p. 329.

[32] "What Hitler and his followers wanted was control over the mechanical organization of the world which had been set up during the past several hundred years and to use that mechanical organization for the economic benefit of Germany." *Pattern of Conquest*—Harsh, p. 204.

Granting a Nazi victory, it is submitted that there is no economic, political or social law or obstacle that stands in the way of the realization of this Nazi dream of world conquest and enslavement.

This conclusion is vigorously disputed and denied. It is contended that Nazism is incapable of permanence, that there are insurmountable barriers both of an economic and political nature which prevent the establishment of a stable Nazi regime.

We propose to consider briefly the principle objections raised in opposition to our thesis.

1) The ties of the world market. It is maintained that the integration of production and distribution into a world economy precludes any single nation from breaking loose from the orbit of the world market and establishing its own independent economic system of National Socialism. According to Mattick:

> "The assumption, furthermore, that socialism might be introduced in Germany and Russia if Hitler and Stalin desired it and it were not for the 'enemy,' or the 'war,' is senseless because all economy is world economy. These nations are not isolated; they are integrated parts of the world production and distribution, just as much determined by other nations as they themselves determine the rest of the world."[33]

Here we have exhibited a common failing of the proponents of the concept of Nazi instability. They proceed from the specious premise of attempting to judge Nazi economy and its potentialities in terms of capitalist profit-market limitations. Because capitalist economy moves in a circle of integrated world economy making for the inter-dependence of nations, ergo, Nazi totalitarian, non-commodity production is subject to the same restriction. This is the reasoning of Mattick. He overlooks entirely the fact that the Nazi totalitarian economy is the very antithesis of capitalist commodity production. Nazi economy has its own peculiar laws of movement which have nothing in common with capitalist production.

Capitalist modern industry established the world market, the way for which was paved by the great geographical discoveries at the end of the 15th century. The world market, "is the basis and the vital element of capitalist production."[34] The economic inter-dependence of the nations of which Mattick writes, is a historical phenomenon arising out of the needs of and inseparately connected with capitalist production. It is not a universal category of the basic processes of production. The fact that Germany can not establish for itself absolute self-sufficiency within its own territorial borders does not signify its absolute dependence upon world commodity production. The Nazi regime by winning the war can reconstitute the form of world economy and make it subservient to its own power interests. This is precisely the goal of National Socialism. There is nothing inherently

[33] "How New Is The 'New' Order Of Fascism?" *Partisan Review*, July-August 1941, p. 307.

[34] *Capital*, Vol. 3, p. 131.

sacred or indispensable in the "free" world market. Already, the Nazi second Four Year Plan (1936) with its state monopoly of foreign trade, removed Germany from the orbit of the world market and delivered a crushing blow to the conventional capitalist market inter-dependence of the nations. A victorious Germany would complete the process of destroying the world market and its economic categories of "free" wage labor and planless production for exchange, replacing it with its own non-commodity international division of slave labor, co-ordinated for the greater glory and power of German National Socialism.

Mattick in attempting to dissolve the specific historical content of the capitalist world integration of production and distribution and presenting it in the light of an abstract, absolute and universal category of the productive process itself, violates the basic precepts of Marxian scientific analysis.

VIII

Another frequently advanced economic objection to Nazi stability is couched in terms of financial limitations. We are reminded that the close of the war will find Europe economically exhausted, with her reserves depleted; caught in the vise of financial chaos. It is contended that even if the Nazis are victorious they will reap the whirlwind in the shape of a staggering and crushing burden of war costs which will have caught up with them. In a recent volume *The Myth Of The Total State*, Guenther Reimann develops these points at length attaching decisive importance to them. Reimann stresses the "gigantic increases of unproductive expenditures (which) must be raised at the expense of the German people." He points to the industrial decay which faces Europe at the end of the war as a barrier to Nazi stability and the harmonious functioning of its economic system. He writes:—

> "The lack of overseas raw materials and foodstuffs must inevitably result in industrial decay quite apart from that entailed by direct wartime destruction. . . . The Reich can not supply the occupied countries with enough raw materials and foodstuffs, it can not send enough manufactured articles in *exchange* for foreign produce that has been requisitioned and therefore it can not expect that the incentive to production will be maintained."[35] [Emphasis supplied.]

Here we have again revealed the capitalist pattern of thought and its specious and fallacious reasoning which attempts to cast the qualitatively different Nazi totalitarian economy into the mould of capitalist limitations. Reimann speaks of the difficulties of "exchange" under a post war Nazi regime. He completely overlooks the fact that the whole superstructure of the Nazi economy is based on the abolition of production for exchange and its market relations. Not exchange or yet barter but despoilment and impoverishment is the Nazi plan for intercourse with its conquered nations. We have already pointed out that the Nazi blueprint calls for the enforced

[35] P. 273.

de-industrialization of all non-Germanic peoples, and the destruction of a free economy in their countries. Already the Nazis have carried out this program in Poland. In France and elsewhere it is only the exigencies of war,—the necessity of increased war production to supplement Germany's own war industrial effort and pressing political considerations, which have prevented them from carrying out this program of de-industrialization even to a larger extent than it has been. However, should the Nazi be victorious these considerations will no longer prevail and the completion of the de-industrialization of Europe will be a matter of course.

It is quite true that the conclusion of the war will find Europe economically ravished with considerable quantities of the machinery of production destroyed or consumed in the superhuman demands made by war production. But war production is not all a total loss, representing only destruction and dislocation. The competition between the warring powers for improved and perfected machines of destruction serves to stimulate and develop technical advances at an unparalleled rate. The need for self-sufficiency leads to extraordinary achievements in perfecting chemical substitutes for natural raw materials. These technical advances can be converted to constructive productive channels. However great may be the destruiction of factories and machines this will not affect the level of technological development and that is the decisive consideration. The potentialities for an economy of abundance will be more favorable after the close of war than at the beginning. Nazism, having already gained the mastery over the means of production by destroying their *capital* fetters and placing them under social control, its victory and newly acquired monopoly of raw materils would enable it with ease to restore productivity to far greater levels than prevailed under stultifing capitalist production.

The unlimited potentialities of the productive forces emancipated from their capital fetters frees National Socialism from the deadweight of financial limitations. If bread and clothing were to be relatively as abundant as the air we breathe, they no longer would be commodities or posses any exchange value. Hence the studied effort of monopoly capitalism to block technological improvements and its refusal to incorporate them into the productive process. Money under a commodity production appears to exercise a "magic" power. But money as a controlling economic power represents specific social relationships and does not reflect any natural or intrinsic properties. It is only because it is the universal measure of value which in turn presupposes a society of commodity production, that money can exercise its "magic" powers. The protagonists of Nazi instability who point to financial contradictions, apparently believe that money exercises an innate, universal magic power. These gentry fail to understand that inasmuch as the Nazis are aiming at a natural economy as opposed to commodity production, that in such a society money is stripped of all its "magic" powers since it no longer functions as the universal measure of value. The fact that money continues to be employed in the Nazi economy does not militate against the above distinction. It is used there merely for the purpose of reckoning and does not represent a social form. Marx pointed out the difference between money as the socially

recognized incarnation of human labor, and money as a standard of price or a form of reckoning.[36] The one is a *social* function, the other is a natural property.

IX

We come now to a consideration of the political difficulties, which are said to operate as a bar against a permanent Nazi regime. These are of a two fold nature, internal and external. Dwight Macdonald has stated the case for this particular viewpoint. Macdonald points out that internally, Fascism means:

> ". . . The totalitarian control, by terror and propaganda, of the great mass of Germans by a political bureaucracy. This bureaucracy can maintain itself only by drawing an extremely sharp class line between themselves and the rest of society: absolute power must be counterposed to absolute subjugation. Hence, while it would be economically possible for fascism to develop into a sort of technocratic Utopia in which living standards would be high, politically this would tend to decrease the differences between rulers and ruled. . . . Scarcity, hunger, ignorance—these are necessary for the maintenance of a totalitarian bureaucracy."[37]

Macdonald draws the conclusion: A real National Socialist order is politically untenable, since it strikes at the very basis of the totalitarian power of the Bureaucracy, *i.e.*, absolute subjugation, plus scarcity, hunger and ignorance. By the same token, the concept of a united German ruling race jointly exploiting the rest of the world, must stand condemned as contrary to political reality.

In formulating the above criticism of Nazi stability Macdonald falls into the error of confusing Nazi totalitarianism which projects itself on an international base with National Fascism, of the Italian brand. National Fascism, like Capitalism before it, is primarily based on internal, domestic exploitation. Any attempt to institute real National Socialism and wipe out domestic exploitation under a National Fascist order would undermine and destroy the Bureaucracies' basis of total, arbitrary power. Thus far Macdonald is correct. But he overlooks the important consideration that Nazism projects itself upon an international base and a German victory would free it from this political limitation. The Nazi Bureaucracy by shifting from the limited base of internal, domestic exploitation, to world-wide (non-Germanic) exploitation, could at will abolish national class divisions and establish real national unity, thus immeasurably strengthening the base of its arbitrary, total power.

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[36] "As *measure of value* and as *standard of price*, money has entirely distinct functions to perform. It is the measure of value inasmuch as it is the socially recognized incarnation of human labour; it is the standard of price inasmuch as it is a fixed weight of metal." *Capital*, Vol. I (Kerr Edition), pp. 109, 110.

[37] "Fascism—A New Social Order," *The New International*, May 1941, p. 83.

Not only does Macdonald see Nazism as weakened by an insoluble internal political contradiction, but in his estimation, the Nazi world empire is afflicted with the same weakness of political instability.

> "Finally, the permanence of Fascism depends less on the strength of Fascism itself than on the strength of the mass recolutionary forces which will arise against it. . . . Whether Fascism develops into a new form of class rule as historically enduring as Capitalism was—a form combining many of the worst features of slavery, feudalism and capitalism—or whether it yields to a democratic socialist world order, this depends on how successfully the world working-class, takes advantage of the many 'revolutionary situations' which may be expected to arise in the next decade or two of transition. For one thing at least seems certain: the social forces of Europe will not forever remain in their present frozen state, and when the thaw begins we shall see how solid are the dikes—now so imposing—of fascism."[38]

But forever, as the poet has somewhere stated, is a long time. Speaking in terms of the present historical epoch we can not share Macdonald's optimism about the probabilities of "the social forces thawing." It must be remembered that we are not here concerned with rhetoric or sentiment but with cold reality. Once the Nazis win a military victory and set up their new order of international master-race slavery, all thoughts of successful resistance will be but an idle dream. The workers will immediately be disarmed not only in a military sense but what is far more important, *industrially*. Macdonald himself has emphasized that the Nazi program for the conquered nations calls for their de-industrialization with a monopoly of the means of production concentrated within a super-industrialized Germany. Once the workers are de-industrialized, forcibly maintained on a subsistence level, how can they possibly secure the necessary material means and weapons for any sort of effective resistance? More than a rebellious spirit and sentiment is necessary to carry out a successful rebellion. History is replete with the lesson that an inferior, backward economy can not hope to master or overcome a superior economy. We recall the historical example of the ill-fated Spartacus slave revolts within the ancient Roman empire. The slave exhibited military genius of the highest order but his rugged slave followers possessed inferior military equipment, and the revolts were crushed out by the superior equipped Roman legions. Moreover, the Nazis have demonstrated that they have a cure for rebellious subjects—physical extermination. The Nazi-Hun of today is far more refined and effective in his barbarous cruelty and relentless extermination of all opposition than was his "spiritual" primitive progenitor.

Once Nazism sets up its slave order there will no longer be "a decade or two of many 'revolutionary situations' " for redemption. A new historical era of dark ages will have opened up for humanity.

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[38] "What Is Fascism," *Partisan Review*, September-October 1941, pp. 428, 429.

We have underlined and stressed the permanence of Nazism and its international order of master-race enslavement at great length, not in any spirit of perverseness or sadistic delight in the dire fate that a triumphant Nazism holds for the world's proletariat, but rather out of the necessity of combatting what we conceive to be the dangerous illusion of Nazi weakness and the transitoriness of its order, which has such a widespread hold within the Socialist movement.

It has been Hitler's singular good fortune that invariably his intended victims underestimate the strength and capacities of Nazism. Within Germany the organized working class movement dismissed Hitler as a political buffoon.

Today, while Hitler is battling to lay the foundations for his world order of master-race slavery by a Nazi military victory, once more we find Nazi prowess belittled. This time in the camp of the British-American Socialist movement, the concept of a permanent Nazi régime of Nazi master-race enslavement over the non-Germanic peoples of the world is covered with ridicule, dismissed and rejected as fantastic. We are told that Nazism holds no horrors for the working class any worse than those suffered under "Democratic"-Capitalist imperialism. We respectfully refer these skeptics to bleeding Poland—where millions of workers and peasants have been deliberately starved to death, where the intellectual and cultural life has been systematically snuffed out with schools, libraries, and cultural institutions burned down or closed up and the intellectual cadres herded together in vile concentration camps and tortured into self-destruction, where all industry has been de-industrialized and the masses of people reduced to "drawers of water and hewers of wood" for their German overlords, and where any sign of opposition is met with the guillotine, which never ceases its nefarious work.[39] Frank, Hitler's Governor-General of Poland, has cynically announced that Poland under Nazi rule mirrors the future for the non-Germanic people in a Nazi-controlled world.

But our skeptics refuse to be convinced. They solemnly inform us that:

> "It is not possible permanently to suppress the class struggle when class divisions remain. It is not possible permanently to suppress creative freedom by limiting the expression of thought."[40]

We fain would join in this expression of faith in the inevitable victory, but blind faith is a poor substitute for scientific analysis and the lessons of history. A Nazi absolutism and era of "dark ages" would not be the first "dark age" the world has known. We refer to the six hundred years of "dark ages" which enveloped Europe after the German barbarians conquered the Roman Empire in the Fifth Century. The existence of class divisions throughout this entire period in no way limited or curtailed the rule of absolutism. We fail to see how a completely devitalized subject class deprived of an economic base would be able to upset the historical permanence of the entrenched Nazi master-race ruling class.

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[39] The reader is referred to the English booklet *The New Order in Poland*, by Jon Evans, a powerful, factual account of master-race enslavement in operation.

[40] "How Far Is Nazi Germany Still Capitalist," by Fenner Brockway. *New Leader* [London], August 23, 1941.

Although this article is already over-long, we have been unable to consider all of the objections raised against the concept of Nazi stability. There is, however, one objection which we must single out before concluding.

Sectarian Marxists in denying the non-capitalist character of the Nazi economy invariably point out that the same process of collectivization and statefication which has culminated in Germany is at work in the United States and Great Britain. This proves for them that Nazism is by no means distinct from Capitalism. We refer once more to Mattick:

> "The difference between state controls in the various nations are differences only in degree. . . . If private property, private initiative, the profit motive and economic competition still exist in America, so do they exist in Germany. In the latter nation, it is true, they exist only by virtue of government support and toleration; but the development in America shows clearly that here, too, private property and all that goes with it becomes increasingly subordinated to the needs of the government."[11]

Mattick here glosses over the historical-dialectical law of development. Totalitarianism does not evolve out of the thin air. Totalitarianism has its roots deep in the soil of monopoly-Capitalism, just as Capitalism itself sprung from the womb of Feudalism. But this no more proves that Totalitarianism is essentially capitalist in character than does the fact that capitalist production developed within Feudalism make of it a feudal economy. In Germany the process of evolution from monopoly-Capitalism and its collectivist form into Totalitarianism, *i.e.*, the substitution of controlled, planned production for commodity-market relations has been completed. In the United States and Great Britain the economy is passing through a transition period from the *limited* form of controlled production, which the trusts represent, into Totalitarianism. While the forms of private property, economic competition and the profit motive still continue to exist in these countries, they no longer play a dominant role in the productive process. How long this process of transition will take, what political forms it will ultimately assume, remains to be seen. At present this can only be a subject of speculation. This much can be stated: the fact that this country is traveling on the same road that culminated in Totalitarianism in Germany does not prove that Capitalism still exists there, but rather that we, here, are leaving our capitalist moorings behind us and are approaching the new social order of Burocratic-Collectivism.

* * * *

Nazism *is* a new retrogressive social order that threatens humanity with an historical era of "dark ages." The destruction of this onrushing monster is the paramount social task of the hour. All class-conscious Socialists must participate in this work of saving humanity. Concretely this calls for full support of the military struggle against the Axis Powers.

[11] "How New Is the 'New Order' of Fascism," *Partisan Review*, July-August, 1941, p. 299.

THE VANGUARD PARTY

(Continued from page 14)

to the contrary from equally reliable sources, it is submitted that we are justified in accepting Trotsky's version of the actual workings of Leninist centralism.[4]

In rejecting the Leninist concept of organizational centralism, *i.e.*, the rule of the party from above by the party apparatus, we by no means repudiate the need for a disciplined party. The Socialist Labor Party under the leadership of Daniel DeLeon demonstrated in actual practice that it was possible for a party to function democratically as a disciplined organization adhering to a uniform fundamental program without sectional divisions and without controlling the membership from above by autocratic interference of the apparatus with local branches.[5]

II.

We come now to a consideration of Dyer's treatment of the vanguard role of the party.

> This time Dyer has recourse to outright misrepresentation. He writes: "The ideologists with whom this polemic has been conducted all insist that centralized parties, anxious for exclusive political representation of the proletariat, are the essence of burocracy."

This clearly creates the impression that our ideologists, particularly Pannekoek and Mattick, give the loosely federated Social-Democratic parties a clean bill of health. But as Dyer well knows, these ideologists condemn with equal fervor, *all* parties, including the Social-Democracy. But to acknowledge this would not serve Dyer's characteristic Leninist amalgam of bracketting Pannekoek and Mattick with the detestible Social Democracy. Dyer is completely off the track when he seeks to attribute to them (by implication if not directly) the false notion that it is the parties, in the first place, who are responsible for the growth of burocracy in the ranks of the labor movement. Having set up this straw man Dyer proceeds to knock him down to order. He points out that burocracy makes its appearance in the case of trade unions even where no parties exist. But Dyer is carrying coal to Newcastle. Nobody disputes this obvious, elementary truism. The hold that burocracy obtains on the labor movement is a reflection of the backward bourgeois political consciousness of the proletariat: power parties, too, are a product of this backward bourgeois consciousness.

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[4] The fact that Trotsky himself after 1917 embraced Leninist centralism does not affect the validity or correctness of his original evaluation and exposition of the actual workings of Leninist centralism. It is necessary to distinguish between Trotsky the historian and Trotsky the politician.

[5] The S. L. P. of DeLeon is not to be confused with the epigone S. L. P. Petersonian Burocracy of today who have evolved their own brand of "democratic" centralism with which they ruthlessly stamp out all opposition within the party and which has nothing in common with De Leon's concepts of a disciplined party.

Finally, like Maitland, Dyer finds justification for the vanguard-power role of the party over the workers, in the workers' alleged incapacity to carry through their own revolution. Dyer, however, contributes a little unconscious humor to enlighten the proceedings. He informs us that although the proletariat lacks the education and "is incapable in the raw, or spontaneously of guiding itself to power," nevertheless, "it is quite capable of checking on political parties as a unit. It can choose and vigilantly watch its choice of parties with definite programs and responsibility for their members. . . ." In other words we are asked to believe that while the workers can discriminate between political parties they are incapable (congenitally?) of carrying out their own revolution. That is a task that is reserved for the Dyers, Maitlands, *et al.* Consistency, thou art indeed a gem!

—EDITOR.

THE WAR — SOCIAL OR IMPERIALIST?

(*Continued from page* 8)

importance. Democratic rights are the life blood of the working class movement. We know hard-pressed as Anglo-American imperialism may be its victory unlike that of the Axis powers will not mean ipso facto the destruction of the labor movement. In the event of an Allied victory, the labor movement will survive for one final opportunity to save humanity from the clutches of onrushing Fascism. This final opportunity is an invaluable possession and is not to be lightly tossed aside by pooh-poohing the difference between Nazi enslavement and capitalist democracy no matter how deformed it may be.

In supporting the military struggle against the Axis powers we do not whitewash Anglo-American imperialism or deny its ruling class bias. We do not forget that it was responsible for rearming Germany and making Hitler powerful. Least of all do we overlook the fact that "Democratic" Imperialism is fighting primarily to preserve its own imperialist hegemony. Finally, in supporting the military struggle against Nazism and its Japanese cat's-paw we do not make our peace with Capitalism or abandon the political class struggle. At the same time the ruling class motivation of Allied imperialism does not change the *social consequences* of a Nazi victory, nor does it alter the fact that a United States-British victory (United Nations) will destroy Nazism and its projected international order of master-race enslavement. Our contributor glosses over entirely this vital distinction between the subjective motives and objective consequences.

Finally, we concern ourselves with Stone's bold assertion that Nazism is *not* master-race enslavement but represents German capitalism's grab for the control of sources of raw materials and its challenge for mastery of world markets. Here we have the nub of the whole discussion. We have dealt with this vital point at great length in our essay on Nazi Totalitarianism.

Nazism is not Capitalism. It is a new and far more pernicious social order. Stone's failure to understand this basic qualitative difference is the root source of his confusion on the war.

Book Reviews

THE MANAGERIAL REVOLUTION. By James Burnham. The John Day Company, 1941. 285 pp. $2.50.

According to Burnham, the present war cannot be adequately understood in the usual military and diplomatic terms. It must be regarded as a phase in the development of a major and world-wide revolution that will transform the managerial groups into a new ruling class. What began as Bolshevism, Fascism, and the New Deal will find its conclusion in a centralized non-socialistic, non-capitalistic economy that perpetuates the exploitation of labor. Rejecting both the theory of the permanence of capitalism and the theory of the proletarian socialist revolution, Burnham sees society in transition to a state in which "the group or groups which have control over access to the instruments of production will, as a matter of experienced fact, also receive preference in the distribution of the products of those instruments."

For a long time the owners of the instruments of production have also had direct control over them and thus over the distribution of the products of labor. Because capitalists started with small-scale enterprises, owners were managers. Their property became bigger and they hired managers. The governments themselves consisted for a time of owners and their hirelings. The latter became the majority in business and government because the development of capital implies its concentration and centralization in fewer hands. To a greater extent than before, and in manifold ways, capital can now be controlled without being owned. Some capitalists, for example, are able to control ten times as much as they own; others control—in terms of profit—one-tenth of what they own. The discrepancy between control and ownership that concerns Burnham to such a great extent is neither new nor of any great importance. It is a question of the distribution of profits between different exploiting groups.

At all times a title to property was never enough to secure control over it. It could be stolen or expropriated by force of arms. Governments had to protect property. The capitalist society passed through a stage in which capital and government appeared as two different entities. Their interests were actually identical, however, because the capitalist hirelings in the governments were properly indoctrinated with capitalistic ideologies. There existed also a sort of social balance-of-power because of the variety of class antagonisms that developed with the expansion of capital. But with the rise of monopoly capitalism and the increasing need for backward nations to fight monopolistic nations with monopolistic means, and also because of the increasing polarization of society into owners and non-owners, the *laissez faire* ideology collapsed. The real social relationships came into sharper relief and gave the existing class struggles a new twist.

Whenever the workers refused to respect the capitalistic ideologies they were called to order not by the "automatism" of the market underlying these ideologies, but by the direct force of the state. What the workers experienced at critical times, what the capitalists came to appreciate highly, the politicians

also recognized quite well, namely, that the only thing that really counts is direct power: the power of the military and the courts. Of course, workers can be destroyed or forced into submission by prolonged unemployment; but they can be destroyed much faster with bullets and be made to change their minds more quickly in concentration camps. Those who control the armed forces control society. A social group that monopolizes the armed forces rules society regardless of whether it stems from the capitalists, the middle classes, the workers, or is represented by a composite of all the different groups. At the present stage of development party organizations that gain control over the state, over the armed forces, are the true capitalist organizations in that they control and exploit the rest of society.

Burnham believes that managers of all sorts, particularly those in the productive process, are beginning to realize the parasitical character of the mere owners who no longer have controlling functions. In Burnham's view, the managers also seem to recognize the present economy's various limitations which are determined by the continued existence of outworn property relations. Thus the managers—the real, the direct, the functional controllers of production—are now supposedly attempting to take advantage of their vital social position.

All that Burnham says tells us only that one can become a capitalist in a number of different ways: by means of controlled and uncontrolled markets, by war, revolution, crisis, inflation, by various governmental policies, conspiracies, frame-ups, murders, and so on. And also by getting control over the government in the specific bolshevistic or fascistic manner. But Burnham assumes that if a group comes to power in the last manner, capitalist society ceases to be a capitalist society, because "ownership is now vested in the state as an institution, not in individuals." Institutions, however, are nothing but organized individuals. Thus the change from a loose to a tighter form of organization of the exploiting layers of society seems to Burnham sufficiently important to be called a social revolution. It seems to him to be enough also to end the capitalist business cycle, unemployment and stagnation. He does not prove these assertions, but rather displays a lack of understanding of both the liberal and the fascistic form of capital production; for in reality the social and economic contradictions that exclude a conscious regulation of liberal capitalist production continue to exist in fascism and can only turn all its planning into a further increase of the prevailing social chaos.

The system of the envisioned managerial economy Burnham calls a "type of 'corporate exploitation' as opposed to 'private exploitation' of capitalism." Yet, private exploitation has always been corporate exploitation because of the capitalist system of production. In order to understand Burnham's reasoning better, it is necessary to recall that until recently he adhered to a rather orthodox branch of Marxism. An orthodox Marxist loves to work with formulas; it makes life so much easier and it looks very "scientific." Burnham has dropped his Marxism, but not his love for formulas. Thus it is still easy and he continues to be "scientific." By retaining the formulas he maintains an "objectivity" that allows him—despite his personal feelings—to look fascism cooly in

the eye. He sticks to the old idea that one must have an "economic" explanation for the rule of a class. He therefore insists that those who control production and not the Hitlers, Mussolinis, and Stalins will, by virtue of their position, control the government and the people.

Burnham's "economic" explanation is technical-economic, not social-economic. In its essentials, his book merely warms up for use in the fascistic present the technocratic craze of the first depression years. It should be obvious, however, that the technical-economic control exercised by the managers is no match for the forces of the state. A handful of storm-troopers can drive the managers from their "vital" positions. Their possible sabotage can be dealt with in "Moscow Trials." They cannot control the government. And finally the government is only that power center in society that is stronger than all the others. But Burnham still believes that the armed hordes and their masters, who once obeyed the numerous capitalists of yesterday under one ideology, will come to obey the numerous managers of today under another ideology, namely, that the managers are especially important in production. But ideologies are also produced, and their production is now monopolized by the state. Because the class and exploitative society needs social division and inequalities it will, of course, favor certain groups against others. But the ruling class will be that class that has direct control over the state apparatus and can thus enforce its will upon the whole of society.

The only reason why Burnham prefers to bet on the managers instead of on the workers as the group able to replace the capitalists is his illusion that their functional position is at once a power position. For him the managers today are what the bourgeoisie was in feudalism; a group capable of building up their power position in the shell of the old society. The workers, he thinks, cannot do this because their social and economic importance is declining, their functions become less and less essential through technological developments. One wonders, however, how much production there would be if, by refusing to work, the laborers should set aside all the technical-economic power the managers allegedly possess. The "economic power" of the managers presupposes their control over the workers—it does not give them that control. Such control is not inherent in technical and administrative abilities. Today it exists in the fascist state as yesterday it existed in the liberalistic state. The struggle of the future will thus be between the capitalist-fascist party-state and the working class, to which the managers belong.

Burnham's book does not deal with this future struggle but only with the present in a very general and quite meaningless manner. It only describes in more ingratiating terms the prevailing crude reality. Just as bourgeois apologists based their speculations on an "ideal" capitalism, so Burnham only "idealizes" its present fascistic form. As he himself is not a fascist apologist he will be even more disappointed by the further development of fascism than were his liberalistic predecessors who had the opportunity to compare their constructions with real events. As a piece of literature Burnham's book makes interesting reading; as a theoretical tract it is rather dull.

PAUL MATTICK.

THE COURSE OF AMERICAN PRODUCTION. By Paul Maslow. Brooklyn College Press, 1941. 100 pp.; $1.00.

In Maslow's theory, "economic progression can be maintained only as long as the adequacy of profit permits no conflict between the desire for private gain and the mass satisfaction of human wants." A shortage of profit, that is, the reason for retrogression, he seeks in the capitalistic circulatory processes. Retrogression results from the "failure of all money to be exchanged for goods, since it is not a lack of surplus value, but a lack of profit which prevents the maintenance of an endless and rapid flow of goods."

However, profits are surplus value and vice versa. Thus the "final" economic reason for capitalistic retrogression can hardly be found in the circulation process. For Maslow, who attempts to do so, it is thus not capital production itself, but capital production for private gain, that accounts for all social and economic evils. He does not blame capital-labor relations, but the unorganized character of these relations for the impassé that capitalism has reached. No doubt the contradictions of capitalism are revealed in the circulation process, and exist also because of the circulation process. Yet the capitalistic contradictions reach deeper; they are inherent in capital production itself.

Whatever the reasons Maslow gives for the decline of capital expansion, he sees this decline as an inevitable result of capitalist development. His illustrations in support of this view are to the point, although they support much more than his own theory and are by no means proof for his particular position. His work can thus be read with interest by those who do not agree with him. He deals with the concentration, centralization, and monopolization of capital, the reason for it and its consequences with great economy and force.

The data and description of the real historical development which Maslow offers are quite independent of his particular theory; but his proposals for solving the prevailing economic and social problems are not. He says that "production for profit and production for need did not contradict one another during progression." But the fact that retrogression followed shows that they must already have contradicted one another. Prosperity and depression, growth and decline, are merely two aspects of the same phenomenon; they cannot be looked upon as opposites. Maslow cannot see this because he fails to consider the relations of production. He comes to the conclusion that all that is necessary to end capitalistic stagnation is a social policy that "diverts more money into consumptive channels by increasing the amount of funds going to labor at the expense of capital." He thinks that a lack of "flexibility" of capitalism prevents such a policy, and that a conscious control and direction of the economy needs to consist of no more than doing (without regard for profit) what capitalism has done for profit, and what it is now unable to do because of a lack of profitable investment opportunities. But impossible as it is to divorce progression and retrogression in capital production, just as impossible is it to have a capital production that is not a profit production—to which the various "planned economies" of today bear witness.

PAUL MATTICK.

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